

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

IO-14 L-03 H-03 PA-04 PRS-01 USIA-15 AGR-20 SCI-06

DRC-01 /195 W

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P 050207Z AUG 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 5763

INFO AMEMBASSY JAKARTA PRIORITY

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USADB

FOR NAC AGENCIES

E.O. 11652: DECLASS 11/5/74

TAGS: EAID, EFIN, ID

SUBJECT: PROPOSED ADB TECHNICAL ASSISTANCE FOR TELUK LADA
IRRIGATION PROJECT (INDONESIA)

SUMMARY: ADB MANAGEMENT PROPOSES \$230,000 EQUIVALENT
TECHNICAL ASSISTANCE (TA) GRANT TO GOVT OF INDONESIA
TO FINANCE FOREX COST OF CONSULTANT SERVICES FOR
FORMULATING VIABLE INTEGRATED AGRICULTURAL DEVELOPMENT
PROJECT (WITH IRRIGATION AS MAIN COMPONENT) FOR TWO
SEPARATE SUB-AREAS TOTALING ABOUT 4500 HECTARES IN
TELUK LADA PLAIN LOCATED ABOUT 120 KM WEST OF JAKARTA,
ONE OF LEAST DEVELOPED REGIONS IN DENSELY POPULATED
JAVA. USADB RECOMMENDS FAVORABLE NAC ACTION.

1. ADB DOC R73-74 WITH ATTACHMENTS DESCRIBING PROPOSED
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TA GRANT POUCHES ADDRESSEES AUG. 2. BOARD CONSIDERATION

SCHEDULED AUG. 20.

2. ADB MANAGEMENT PROPOSING \$230,000 GRANT TO REPUBLIC OF INDONESIA. PROCEEDS WILL FINANCE FOREX COST OF CONSULTANT SERVICES FOR PREPARATION OF VIABLE PROJECT FOR INTEGRATED AGRICULTURAL DEVELOPMENT (WITH IRRIGATION AS MAIN COMPONENT) OF ABOUT 4500 HECTARES FOR TWO SEPARATE SUB-AREAS IN TELUK LADA PLAIN IN JAVA, TOGETHER WITH PREPARATION OF PLAN FOR FURTHER DEVELOPMENT OF ENTIRE PLAIN. IF LOAN PROJECT IS SUBSEQUENTLY FORMULATED AND BANK LOAN IS APPROVED, AMOUNT OF TA EXCEEDING \$100,000 WILL BE INCORPORATED IN SUCH LOAN.

3. IN VIEW CRITICAL SHORTAGE OF RICE AND OTHER FOOD GRAINS, INDONESIAN GOVT IS PUTTING SPECIAL EMPHASIS ON INCREASING FOOD PRODUCTION. IN THIS REGARD, SPECIAL ATTENTION IS BEING GIVEN TO IRRIGATION DEVELOPMENT.

4. WHILE JAVA COMPRISES ONLY 7 PERCENT OF INDONESIA'S TOTAL LAND AREA, IT SUPPORTS ABOUT 70 PERCENT OF TOTAL POPULATION. TELUK LADA PLAIN IS ABOUT 120 KM WEST OF JAKARTA ON WESTERN END OF JAVA AND IS ONE OF FEW REGIONS IN JAVA LEFT FOR NEW IRRIGATION DEVELOPMENT. SOILS ARE WELL SUITED FOR PADDY CULTIVATION IF ADEQUATE FACILITIES FOR IRRIGATION AND DRAINAGE ARE PROVIDED. HOWEVER, INFRASTRUCTURE FACILITIES AT VILLAGE LEVEL ARE INADEQUATE, AND IMPROVEMENT OF INFRASTRUCTURE, INCLUDING IRRIGATION AND DRAINAGE FACILITIES, ARE IMPORTANT FOR EXPLOITING ECONOMIC POTENTIAL OF PLAIN AND RAISING LIVING STANDARDS OF RURAL POPULATION.

5. GOVT HAS CARRIED OUT SERIES OF PREPARATORY STUDIES, WITH USAID ASSISTANCE INITIALLY AND USING ITS OWN RESOURCES, WHICH INDICATE GOOD POTENTIAL FOR IRRIGATION AND DRAINAGE DEVELOPMENT OF PLAIN. BANK MISSIONS EXAMINED POTENTIAL AND APPROACHES TO DEVELOPMENT WAS PLANNED WITH DOUBLE-CROPPING FOR SELECTED AREAS. TWO SUB-AREAS OF ABOUT 3000 HECTARES ALONG CILIMAN RIVER AND ABOUT 1500 HECTARES ALONG CELEMER RIVER WERE SELECTED FOR FIRST-PHASE DEVELOPMENT.

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MENT OF PLAIN. (TO DEVELOP ENTIRE PLAIN WOULD REQUIRE SUBSTANTIAL INVESTMENT, INCLUDING FURTHER DEVELOPMENT OF WATER RESOURCES.)

6. SCOPE OF FIRST PHASE DEVELOPMENT INCLUDES PROVISION OF IRRIGATION, DRAINAGE AND FLOOD PROTECTION FACILITIES OF TWO SELECTED SUB-AREAS, TOGETHER WITH IMPROVEMENT OF NECESSARY AGRICULTURAL SUPPORTING SERVICES. PROJECT WILL

ALSO INCLUDE ESTABLISHMENT OF PILOT SCHEME THAT WOULD PROVIDE GUIDANCE ON IMPROVED FARM MANAGEMENT AND PREPARATION OF DEVELOPMENT PROJECT IN TELUK LADA PLAIN COVERING 25,000 HECTARES WHICH WILL BE CONSIDERED BY GOVT OF INDONESIA AT LATER STAGES.

7. TEAM OF EIGHT CONSULTANTS FROM ONE CONSULTING FIRM IS TO BE RECRUITED FOR TOTAL OF ABOUT 26 MAN-MONTHS, INCLUDING PLANNING ENGINEER WITH EXPERIENCE IN OVERALL RURAL DEVELOPMENT, GEOLOGIST, HYDROLOGIST, DESIGN ENGINEER, IRRIGATION AND DRAINAGE ENGINEER, AGRONOMIST, PROJECT ECONOMIST (IN MARKETING) AND AGRICULTURAL INSTITUTIONAL EXPERT. STUDY IS EXPECTED TO REQUIRE ABOUT NINE MONTHS OF WHICH FOUR TO FIVE MONTHS WILL BE IN IFELD.

8. TOTAL COST OF TA IS ESTIMATED AT \$270,000. BANK IS BEING ASKED TO COVER \$230,000 FOREIGN EXCHANGE COMPONENT WHILE GOVT WILL PROVIDE \$40,000 EQUIVALENT LOCAL CURRENCY COMPONENT. DIRECTORATE GENERAL OF WATER RESOURCES DEVELOPMENT (DGWRD), MINISTRY OF PUBLIC WORKS AND POWER, WILL BE EXECUTING AGENCY. DGWRD IS PRESENTLY IMPLEMENTING THREE IRRIGATION PROJECTS AND ONE FLOOD CONTROL PROJECT WITH BANK ASSISTANCE.

9. PROJECT EXPECTED TO EVOLVE FROM PROPOSED TA IS FIRST STEP OF LONGER TERM DEVELOPMENT OF TELUK LADA AND AIMS AT IMPROVING RURAL PRODUCTION ACTIVITIES AND LIVING STANDARDS BY PROVIDING NECESSARY IRRIGATION, DRAINAGE, FLOOD PROTECTION AND RURAL INFRASTRUCTURE FACILITIES IN ONE OF LEAST DEVELOPED REGIONS OF DENSELY POPULATED JAVA. PROJECT ALSO WILL CREATE MORE EMPLOYMENT, ENCOURAGE MARKETING OPERATIONS AND IMPROVE FARMERS' TRAINING AND ORGANIZATIONS. USADB SUPPORTS PROPOSAL AND RECOMMENDS FAVORABLE NAC ACTION. LIMITED OFFICIAL USE

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10. REQUEST JAKARTA'S COMMENTS FOR NAC AGENCIES, INFO USADB MANILA, PURSUANT TO STATE 119795 DTD 3 JULY 1972. SULLIVAN

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